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ARIZONA CORPORATION COMMISSION

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February 6, 2009

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Mr. Michael F. McNulty
One South Church Avenue, Suite 700
Tucson, Arizona 85701

Arizona Corporation Commission

DOCKETED

FEB 06 2009

DOCKETED BY

A handwritten signature in black ink, appearing to be "MM", written over a rectangular box.

RE: KINGS RANCH WATER COMPANY, INC. FOR CERTIFICATE OF
CONVENIENCE AND NECESSITY ("CC&N") DOCKET NUMBER:
W-20647A-09-0009

INSUFFICIENCY LETTER

Dear Mr. McNulty:

Staff is currently issuing an insufficiency letter in this matter regarding a CC&N for this territory because of several deficiencies indicated below:

1. The applicant requests to serve Section 33 of T23S and R21E that the Commission had approved this parcel to Bella Vista. There is no document shows that Bella Vista will transfer this area to the applicant. The applicant must clarify this problem.
2. There is no attached engineering construction plan (for off-site and on-site) for the requested area. The applicant needs to provide this required document
3. There is no attached engineering design report for the requested area. The applicant needs to provide this required document
4. The attached Arizona Department of Environmental Quality's ("ADEQ") Approval to Construct ("ATC") of water system for 281 lots of Kinjockity Ranch Development was issued on 6/27/2006. One of the conditions of ATC is that ATC will be voided if construction has not started within one year after the ATC is issued. It has been two and a half years since June 2006. The applicant must provide a copy of engineering plan for this water system including wells (DWR #55-204088 and proposed well locates in Sec 35, T23S, and R21E), storage tank(s), booster pump system and distribution system for this project.

5. The ATC was issued to Bella Vista Water Co. not Kings Ranch Water Co. and ADWR well database shows the well stated in ATC was registered to Darrell Dunafon who is not applicant. The applicant needs to change the well registration name to Kings Ranch Water. If ADEQ still recognize this ATC, the applicant needs to change the system name from Bella Vista to Kings Ranch.
6. The applicant needs to provide the initial water quality test results of the proposed well.
7. The sewer company that will service this area needs to be listed.

The following items are need for further financial analyze of this application.

1. A schedule of plant in service for five years.
 - a. A schedule of plant in service projections for plant items and their individual costs.
 - b. A schedule of depreciation rates and projected depreciation expense.
 - c. A schedule of accumulated depreciation for each of the five projected years.
2. Projected balance sheets for each of the five years.
3. A schedule of Developer advances in aid of construction and refunds for the five projected years (if applicable).
4. A schedule of Developer contributions in aid of construction and refunds for the five projected years (if applicable).
5. A schedule of service line and meter installation revenue and refunds for the five projected years.
6. A projected statement of income for the 12 months ended each of the five years.
7. A schedule of projected revenues for each of the five years, type of revenue and sources of revenue.
8. A schedule for the computation of projected property taxes for the five years ended.
9. A schedule of the projected cash flow for the five years ended.

10. A schedule of projected revenue for the five years ended which includes:

- a. Projected customer numbers
- b. Meter sizes for those customers
- c. Projected revenue for each meter size and for standpipe sales

11. A schedule of meter deposits for the projected five years.

12. A schedule of other revenue for the projected five years ended.

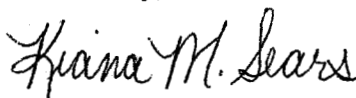
13. A schedule of the computation for state and federal income taxes (if applicable).

14. A schedule of the projected capital financing.

Pursuant to A.A.C. R14-2-411(C)(3) and R-14-2-610(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions concerning this matter, please do not hesitate to contact me Kiana Sears at 602-542-0754

Gratefully,



Kiana Maria Sears
Executive Consultant I

KMS:kdh

cc: Docket Control
Del Smith
Lyn Farmer
Brian Bozzo
Vicki Wallace